

DEBTOR(S): Powell Valley Health Care, Inc.

MONTHLY OPERATING REPORT

CHAPTER 11

CASE NUMBER: 16-20326

**Form 2-A
COVER SHEET**

For Period End Date: 05/31/2016

Accounting Method: Accrual Basis Cash Basis

THIS REPORT IS DUE 21 DAYS AFTER THE END OF THE MONTH

Mark One Box for Each Required Document:

Debtor must attach each of the following documents unless the U. S. Trustee has waived the requirement in writing. File the original with the Clerk of Court. Submit a duplicate, with original signature, to the U. S. Trustee.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Cash Receipts and Disbursements Statement (Form 2-B)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Balance Sheet (Form 2-C)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	3. Profit and Loss Statement (Form 2-D)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Supporting Schedules (Form 2-E)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Quarterly Fee Summary (Form 2-F)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. Narrative (Form 2-G)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Bank Statements for All Bank Accounts <i>(Redact all but last 4 digits of account number and remove check images)</i>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. Bank Statement Reconciliations for all Bank Accounts
<input checked="" type="checkbox"/>		9. Evidence of insurance for all policies renewed or replaced during month

I declare under penalty of perjury that the following Monthly Operating Report, and any attachments thereto are true, accurate and correct to the best of my knowledge and belief.

Executed on: _____

Print Name: Michael Long

Signature: ML

Title: Chief Financial Officer

DEBTOR(S) Powell Valley Health Care, Inc.

CASE NO:

16-20326

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT

For Period: May 16, 2016 to 05/31/2016

CASH FLOW SUMMARY

	<u>Current Month</u>	<u>Accumulated</u>
1. Beginning Cash Balance	\$ <u>3,499,673</u> (1)	\$ <u>3,499,673</u> (1)
2. Cash Receipts		
Operations	2,084,164	2,084,164
Sale of Assets	0	0
Loans/advances	0	0
Other	2,170	2,170
Total Cash Receipts	<u>\$ 2,086,334</u>	<u>\$ 2,086,334</u>
3. Cash Disbursements		
Operations	1,174,126	1,174,126
Debt Service/Secured loan payment	0	0
Professional fees/U.S. Trustee fees	0	0
Professional fees paid from retainer (e.g. COLTAF accts)	0	0
Other	156,000	156,000
Total Cash Disbursements	<u>\$ 1,330,126</u>	<u>\$ 1,330,126</u>
4. Net Cash Flow (Total Cash Receipts less Total Cash Disbursements)	<u>756,208</u>	<u>756,208</u>
5 Ending Cash Balance (to Form 2-C)	<u>\$ 4,255,881</u> (2)	<u>\$ 4,255,881</u> (2)

CASH BALANCE SUMMARY

	<u>Financial Institution</u>	<u>Book Balance</u>
Petty Cash	Powell Valley Healthcare	\$ 2,170
DIP Operating Account	1st Bank Wyo 8425	-219,874
DIP State Tax Account		0
DIP Payroll Account	1st Bank Wyo 4501	10,347
Other Operating Account	1st Bank Wyo See form 2G	4,463,238
Retainers held by professionals (i.e. COLTAF)		0
TOTAL (must agree with Ending Cash Balance above)		<u>\$ 4,255,881</u> (2)

(1) Accumulated beginning cash balance is the cash available at the commencement of the case and retainers.

Current month beginning cash balance should equal the previous month's ending balance.

(2) All cash balances should be the same.

DEBTOR(S): Powell Valley Health Care, Inc.

CASE NO:

16-20326

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT
For Period: 05/16/2016 to 05/31/2016

CASH RECEIPTS DETAIL
(attach additional sheets as necessary)

Account No: 7301

Date	Payer	Description	Amount
05/16/2016	Medicare EFT	Patient/Resident Accounts	\$ 134,531.86
05/16/2016	Aetna/Blue Cross Blue Shied	Patient/Resident Accounts	82,969.82
05/16/2016	CIGNA	Patient/Resident Accounts	0.00
05/16/2016	Other Commercial	Patient/Resident Accounts	67,127.35
05/16/2016	Other	Cash pymts	6,011.14
05/16/2016	Other EFT's	Patient/Resident Accounts	250,491.89
05/17/2016	Medicare EFT	Patient/Resident Accounts	457.99
05/17/2016	Aetna/Blue Cross Blue Shied	Patient/Resident Accounts	0.00
05/17/2016	CIGNA	Patient/Resident Accounts	0.00
05/17/2016	Other Commercial	Patient/Resident Accounts	126,776.02
05/17/2016	Other	Cash pymts	23,877.82
05/17/2016	Other EFT's	Patient/Resident Accounts	7,158.81
05/18/2016	Medicare EFT	Patient/Resident Accounts	66,987.25
05/18/2016	Aetna/Blue Cross Blue Shied	Patient/Resident Accounts	0.00
05/18/2016	CIGNA	Patient/Resident Accounts	0.00
05/18/2016	Other Commercial	Patient/Resident Accounts	20,503.96
05/18/2016	Other	Cash pymts	26,359.39
05/18/2016	Other EFT's	Patient/Resident Accounts	43,746.03
05/19/2016	Medicare EFT	Patient/Resident Accounts	55,670.96
05/19/2016	Aetna/Blue Cross Blue Shied	Patient/Resident Accounts	0.00
05/19/2016	CIGNA	Patient/Resident Accounts	0.00
05/19/2016	Other Commercial	Patient/Resident Accounts	13,851.63
05/19/2016	Other	Cash pymts	10,249.98
05/19/2016	Other EFT's	Patient/Resident Accounts	12,934.50
05/20/2016	Medicare EFT	Patient/Resident Accounts	58,606.36
05/20/2016	Aetna/Blue Cross Blue Shied	Patient/Resident Accounts	24,396.94
05/20/2016	CIGNA	Patient/Resident Accounts	0.00
05/20/2016	Other Commercial	Patient/Resident Accounts	30,518.42
05/20/2016	Other	Cash pymts	14,795.21
05/20/2016	Other EFT's	Patient/Resident Accounts	14,824.71
05/23/2016	Medicare EFT	Patient/Resident Accounts	38,113.43
05/23/2016	Aetna/Blue Cross Blue Shied	Patient/Resident Accounts	102,711.44
05/23/2016	CIGNA	Patient/Resident Accounts	79,722.29
05/23/2016	Other Commercial	Patient/Resident Accounts	0.00
05/23/2016	Other	Cash pymts	24,887.67
05/23/2016	Other EFT's	Patient/Resident Accounts	67,097.88
05/24/2016	Medicare EFT	Patient/Resident Accounts	17,721.75
05/24/2016	Aetna/Blue Cross Blue Shied	Patient/Resident Accounts	0.00
05/24/2016	CIGNA	Patient/Resident Accounts	9,067.89
05/24/2016	Other Commercial	Patient/Resident Accounts	40,245.20
05/24/2016	Other	Cash pymts	22,127.80
05/24/2016	Other EFT's	Patient/Resident Accounts	8,208.55
05/25/2016	Medicare EFT	Patient/Resident Accounts	18,529.74
05/25/2016	Aetna/Blue Cross Blue Shied	Patient/Resident Accounts	33.25
05/25/2016	CIGNA	Patient/Resident Accounts	0.00
05/25/2016	Other Commercial	Patient/Resident Accounts	417.37
05/25/2016	Other	Cash pymts	5,127.68
05/25/2016	Other EFT's	Patient/Resident Accounts	94,887.80
05/26/2016	Medicare EFT	Patient/Resident Accounts	82,144.79
05/26/2016	Aetna/Blue Cross Blue Shied	Patient/Resident Accounts	0.00
05/26/2016	CIGNA	Patient/Resident Accounts	0.00
05/26/2016	Other Commercial	Patient/Resident Accounts	4,126.17
05/26/2016	Other	Cash pymts	17,239.32
05/26/2016	Other EFT's	Patient/Resident Accounts	11,175.50
05/27/2016	Medicare EFT	Patient/Resident Accounts	32,740.69
05/27/2016	Aetna/Blue Cross Blue Shied	Patient/Resident Accounts	20,555.29
05/27/2016	CIGNA	Patient/Resident Accounts	2,545.23
05/27/2016	Other Commercial	Patient/Resident Accounts	29,600.63
05/27/2016	Other	Cash pymts	3,666.70
05/27/2016	Other EFT's	Patient/Resident Accounts	42,753.03
05/31/2016	Medicare EFT	Patient/Resident Accounts	42,492.86
05/31/2016	Aetna/Blue Cross Blue Shied	Patient/Resident Accounts	79,873.30
05/31/2016	CIGNA	Patient/Resident Accounts	23,236.83
05/31/2016	Other Commercial	Patient/Resident Accounts	24,972.32
05/31/2016	Other	Cash pymts	45,121.12
05/31/2016	Other EFT's	Patient/Resident Accounts	172.45

\$ 2,084,164.01 (1)

DEBTOR(S): Powell Valley Health Care, Inc.

CASE NO: 16-20326

Form 2-B
CASH RECEIPTS AND DISBURSEMENTS STATEMENT
For Period: 05/16/2016 to 05/31/2016

CASH DISBURSEMENTS DETAIL
(attach additional sheets as necessary)

Account No:

8425

Date	Check No.	Payee	Description (Purpose)	Amount
05/16/16	EFT	Electronic funds transfer	FICA payroll taxes	\$ 115,474.81
05/16/16	EFT	Electronic funds transfer	Federal withholding payroll taxes	185,840.73
05/18/16	EFT	Electronic funds transfer	Trsf to payroll act 4501 - manual chks	2,816.02
05/18/16	EFT	Electronic funds transfer	Montana state payroll taxes	1,178.00
05/18/16	1001	State of Wyoming	License renewal	100.00
05/18/16	1002	State of Wyoming	License renewal	100.00
05/18/16	1003	State of Wyoming	License renewal	100.00
05/18/16	1004	Void	Example for trustee	0.00
05/19/16	1005	Wyoming Secretary of State	Annual report fee	25.00
05/19/16	1006	McKesson	Deposit against post petition invoices	50,000.00
05/20/16	1007	Owens & Minor	Deposit against post petition invoices	37,000.00
05/20/16	1008	Sysco Food	Deposit against post petition invoices	45,000.00
05/23/16	1009	Fusion Healthcare	Deposit against post petition invoices	10,000.00
05/23/16	1010	Cardinal Health	Deposit against post petition invoices	5,000.00
05/24/16	1011	Northwest College	Facility meeting room rental	735.00
05/24/16	1012	Gregory Wise	C. Bieber retirement canvas (gift)	175.00
05/25/16	1013	Airgas	Deposit against post petition invoices	9,000.00
05/26/16	1014	State of Wyoming	License renewal	100.00
05/26/16	EFT	Electronic funds transfer	Trst to payroll act 4501 - auto deposit	568,691.33
05/26/16	EFT	Electronic funds transfer	Trsf to payroll act 4501 - manual chks	9,823.42
05/26/16	EFT	Electronic funds transfer	Trsf to pension act 7901	62,538.95
05/31/16	EFT	Electronic funds transfer	FICA payroll taxes	108,074.18
05/31/16	EFT	Electronic funds transfer	Federal withholding payroll taxes	118,353.79

Total Cash Disbursements \$ 1,330,126.23 (1)

COMPARATIVE BALANCE SHEET

For Period Ended: May 31, 2016

ASSETS		Current Month	Petition Date (1)
Current Assets:			
Cash (from Form 2-B, line 5)	\$ 4,255,881	\$ 4,255,881	
Accounts Receivable (from Form 2-E)	8,383,526		8,383,526
Receivable from Officers, Employees, Affiliates	0		0
Inventory	757,444		757,444
Other Current Assets :(List) <u>Pre Paid Expense</u>	865,872		865,872
	<u>Receivable from Legal settlements</u>	11,450,000	11,450,000
Total Current Assets	<u>\$ 25,712,723</u>	<u>\$ 25,712,723</u>	
Fixed Assets:			
Land	\$ 0	\$ 0	
Building	694,434		694,434
Equipment, Furniture and Fixtures	9,997,873		9,997,873
Total Fixed Assets	<u>10,692,307</u>	<u>10,692,307</u>	
Less: Accumulated Depreciation	(8,254,973)	(8,254,973)	
Net Fixed Assets	<u>\$ 2,437,334</u>	<u>\$ 2,437,334</u>	
Other Assets (List):	0	0	
	0	0	
TOTAL ASSETS	<u>\$ 28,150,057</u>	<u>\$ 28,150,057</u>	
LIABILITIES			
Post-petition Accounts Payable (from Form 2-E)	\$ 1,167,152	\$ 1,167,152	
Post-petition Accrued Professional Fees (from Form 2-E)	250,000		250,000
Post-petition Taxes Payable (from Form 2-E)	172,650		172,650
Post-petition Notes Payable	128,056		128,056
Other Post-petition Payable(List): <u>See schedule 2G liab</u>	3,405,269		3,405,269
	<u>Legal claim reserve</u>	11,750,000	11,750,000
Total Post Petition Liabilities	<u>\$ 16,873,127</u>	<u>\$ 16,873,127</u>	
Pre Petition Liabilities:			
Secured Debt	1,153,923		1,153,923
Priority Debt	0		0
Unsecured Debt	1,415,297		1,415,297
Total Pre Petition Liabilities	<u>\$ 2,569,220</u>	<u>\$ 2,569,220</u>	
TOTAL LIABILITIES	<u>\$ 19,442,348</u>	<u>\$ 19,442,348</u>	
OWNERS' EQUITY			
Owner's/Stockholder's Equity	\$ 0	\$ 0	
Retained Earnings - Prepetition	8,691,606		8,691,606
Retained Earnings - Post-petition	16,103		16,103
TOTAL OWNERS' EQUITY	<u>\$ 8,707,709</u>	<u>\$ 8,707,709</u>	
TOTAL LIABILITIES AND OWNERS' EQUITY	<u>\$ 28,150,057</u>	<u>\$ 28,150,057</u>	

(1) Petition date values are taken from the Debtor's balance sheet as of the petition date or are the values listed on the Debtor's schedules.

Rev. 1/15/14

DEBTOR(S): Powell Valley Health Care, Inc.

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Form 2-D
PROFIT AND LOSS STATEMENT
For Period 05/16/2016 to 05/31/2016

	Current Month	Accumulated Total (1)
Gross Operating Revenue	\$ 3,228,447	\$ 3,228,447
Less: Discounts, Returns and Allowances	(1,402,640)	(1,402,640)
	<u>\$ 1,825,807</u>	<u>\$ 1,825,807</u>
Cost of Goods Sold	<u>1,603,693</u>	<u>1,603,693</u>
Gross Profit	<u>\$ 222,114</u>	<u>\$ 222,114</u>
Other: Worker Compensation		
Officer Compensation	\$ 6,369	\$ 6,369
Selling, General and Administrative	0	0
Rents and Leases	38,590	38,590
Depreciation, Depletion and Amortization	26,958	26,958
Other (list):		
Repairs	17,430	17,430
Insurance	<u>29,756</u>	<u>29,756</u>
Total Operating Expenses	<u>\$ 119,103</u>	<u>\$ 119,103</u>
Operating Income (Loss)	<u>\$ 103,011</u>	<u>\$ 103,011</u>
Non-Operating Income and Expenses		
Other Non-Operating Expenses	\$ 0	\$ 0
Gains (Losses) on Sale of Assets	0	0
Interest Income	0	0
Interest Expense	-3,000	-3,000
Other Non-Operating Income	<u>0</u>	<u>0</u>
Net Non-Operating Income or (Expenses)	<u>\$ -3,000</u>	<u>\$ -3,000</u>
Reorganization Expenses		
Legal and Professional Fees	\$ 83,908	\$ 83,908
Other Reorganization Expense	<u>0</u>	<u>0</u>
Total Reorganization Expenses	<u>\$ 83,908</u>	<u>\$ 83,908</u>
Net Income (Loss) Before Income Taxes	<u>\$ 16,103</u>	<u>\$ 16,103</u>
Federal and State Income Tax Expense (Benefit)	<u>0</u>	<u>0</u>
NET INCOME (LOSS)	<u>\$ 16,103</u>	<u>\$ 16,103</u>

(1) Accumulated Totals include all revenue and expenses since the petition date.

Rev. 1/15/14

DEBTOR(S):

Powell Valley Health Care, Inc.

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**Form 2-E (Page 1 of 2)
SUPPORTING SCHEDULES**

For Period: 05/16/2016 to 05/31/2016

Summary of Post-Petition Taxes				
Type of tax	1 Unpaid post-petition taxes from prior reporting month(1)	2 Post-petition taxes accrued this month (new obligations)	3 Post-petition tax payments made this reporting month	4 Unpaid post-petition taxes at end of reporting month (columns 1+2-3)
Federal				
Employee income tax withheld		119,949	42,269	77,680
Employee FICA taxes withheld		56,150	19,294	36,856
Employer FICA taxes		56,150	19,294	36,856
Unemployment taxes				
Other:				
State				
Sales, use & excise taxes		44		44
Unemployment taxes		2,300		2,300
Other: Worker Compensation		18,915		18,915
Local				
Personal property taxes				
Real property taxes				
Other:				
Total unpaid post-petition taxes				172,650

(1) For first report, the beginning balance in column 1 will be \$0; thereafter, beginning balance will be ending balance from prior report.

Insurance Coverage Summary				
Type of insurance	Insurance carrier	Coverage amount	Policy expiration date	Premium paid through date
Workers' compensation	State of Wyoming	Not Applicable	Not Applicable	Not Applicable
General liability	UMIA, USI Insurance Service	\$1M/\$5M with \$12M umbrella	08/01/2016	08/01/2016
Property (fire, theft, etc.)	Affiliated FM Insurance Company, USI Insurance Service	Bldg \$100m Flood \$75m	08/01/2016	08/01/2016
Vehicle	National Indemnity Company/RPS, Ohio Security Insurance, USI Insurance Service	\$1M auto & \$1m Ambula	08/01/2016	08/01/2016
Other (list):Director & Officer Liability	Darwin National Assurance Co., USI Insurance Service	\$2m	09/01/2016	09/01/2016
Other (list):Internet/Cyber Liability	NAS/Lloyd's of London, USI Insurance Service	\$1m/claim \$1m/agg	08/15/2016	08/15/2016
Other (list):Crime	Travelers Casualty and Surety, USI Insurance Service	\$500,000	08/01/2016	08/01/2016

If any policies were renewed or replaced during reporting period, attach new certificate of insurance.

DEBTOR(S): Powell Valley Health Care, Inc.

CASE NO: 16-20326

Form 2-E (Page 2 of 2)
SUPPORTING SCHEDULES

For Period: 05/16/2016 00:00 to 05/31/2016 00:00

Accounts Receivable Aging Summary (attach detailed aging report)					
	30 days or less	31 to 60 days	61 to 90 days	Over 90 days	Total at month end
Pre-petition receivables	1,458,453	1,627,696	1,054,682	2,158,578	6,299,410
Post-petition receivables	2,084,116				2,084,116
Total	3,542,569	1,627,696	1,054,682	2,158,578	8,383,526

Post-Petition Accounts Payable Aging Summary (attach detailed aging report)					
	30 days or less	31 to 60 days	61 to 90 days	Over 90 days	Total at month end
Trade Payables	952,152	110,248	9,422	3,900	1,075,722
Other Payables	37,461	4,250	4,250	45,470	91,431
Total	989,613	114,498	13,672	49,370	1,167,152

SCHEDULE OF PAYMENTS TO ATTORNEYS AND OTHER PROFESSIONALS					
	Month-end Retainer Balance	Current Month's Accrual	Paid in Current Month	Court Approval Date	Month-end Balance Due *
Debtor's Counsel	\$228,501	\$			\$228,501
Counsel for Unsecured					
Creditors' Committee					
Trustee's Counsel					
Accountant					
Other:					
Total	\$228,501				\$228,501

*Balance due to include fees and expenses incurred but not yet paid.

SCHEDULE OF PAYMENTS AND TRANSFERS TO PRINCIPALS/EXECUTIVES**			
Payee Name	Position	Nature of Payment	Amount
Michael Long	Chief Financial Officer	Salary/Wages	6,369

**List payments and transfers of any kind and in any form made to or for the benefit of any proprietor, owner, partner, shareholder, officer, or director.

Form 2-F
QUARTERLY FEE SUMMARY *
For the Month Ended: 05/31/2016

<u>Month</u>	<u>Year</u>	<u>Cash Disbursements **</u>	<u>Quarterly Fee Due</u>	<u>Check No.</u>	<u>Date Paid</u>
January		\$ 0			
February		\$ 0			
March		\$ 0			
TOTAL 1st Quarter	\$	<u><u>0</u></u>	\$ <u><u>0</u></u>		
April		\$ 0			
May	<u>20 16</u>	1,330,126			
June		\$ 0			
TOTAL 2nd Quarter	\$	<u><u>1,330,126</u></u>	\$ <u><u>1,330,126</u></u>		
July		\$ 0			
August		\$ 0			
September		\$ 0			
TOTAL 3rd Quarter	\$	<u><u>0</u></u>	\$ <u><u>0</u></u>		
October		\$ 0			
November		\$ 0			
December		\$ 0			
TOTAL 4th Quarter	\$	<u><u>0</u></u>	\$ <u><u>0</u></u>		

FEE SCHEDULE (as of JANUARY 1, 2008)

Subject to changes that may occur to 28 U.S.C. §1930(a)(6)

<u>Quarterly Disbursements</u>	<u>Fee</u>	<u>Quarterly Disbursements</u>	<u>Fee</u>
\$0 to \$14,999.....	\$325	\$1,000,000 to \$1,999,999.....	\$6,500
\$15,000 to \$74,999.....	\$650	\$2,000,000 to \$2,999,999.....	\$9,750
\$75,000 to \$149,999.....	\$975	\$3,000,000 to \$4,999,999.....	\$10,400
\$150,000 to \$224,999.....	\$1,625	\$5,000,000 to \$14,999,999	\$13,000
\$225,000 to \$299,999.....	\$1,950	\$15,000,000 to \$29,999,999....	\$20,000
\$300,000 to \$999,999.....	\$4,875	\$30,000,000 or more	\$30,000

* This summary is to reflect the current calendar year's information cumulative to the end of the reporting period

** Should agree with line 3, Form 2-B. Disbursements are net of transfers to other debtor in possession bank accounts

Failure to pay the quarterly fee is cause for conversion or dismissal of the chapter 11 case. [11 U.S.C. Sec. 1112(b)(10)]

In addition, unpaid fees are considered a debt owed to the United States and will be assessed interest under 31 U.S.C. §3717

DEBTOR(S) Powell Valley Health Care, Inc.

CASE NO: 16-20326

**Form 2-G
NARRATIVE
For Period Ending: 05/31/2016**

Please provide a brief description of any significant business and legal actions taken by the debtor, its creditors, or the court during the reporting period, any unusual or non-recurring accounting transactions that are reported in the financial statements, and any significant changes in the financial condition of the debtor which have occurred subsequent to the report date.

Form 2B-1 Line 50_Cash Accounts is made up of General Checking #7301, EBMS Checking #6301, Flex Spending #3101, Care Center Resident Trust #2088, Employee Benefit #5601 and Pension #7901.

Form 2B-3 cash disbursements other of \$156,000 is for vendor deposits made during this period. **Form 2C** Balance Sheet using the May 31, 2016 statement as our system "batch" process cash posting at month end with a 5/31 date so we are unable to determine a good mid-month report **Liabilities - Form 2C** line 38 Other Payables, this line is made up of Accrued Payroll \$684,659, Accrued Provider Incentives \$208,596, 3rd Party Receivable/Payable (Medicare Cost Report Settlement) \$299,385, Asset Living Room Retainer \$31,500, NH resident Trust \$9,275, Donations \$168 and Accrued Benefits \$2,171,685.

Form 2D Officer Compensation equals amount listed on Form 2E, Rent, Depreciation, Interest, Repairs, Insurance come from facility income statement all other expense is combined into cost of goods sold.